



# ENERGY ASSURANCE DAILY

Tuesday Evening, October 28, 2008

## *Electricity*

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### **Snow Storm Knocks Out Power to 63,873 PPL Customers in Pennsylvania**

**October 28**

Heavy, wet snow wore on trees and power lines, cutting power to an estimated 63,873 PPL customers October 28. As of latest reports, 43,037 customers remained without power.

[http://www1.pplweb.com/Maps/emergency\\_main.html](http://www1.pplweb.com/Maps/emergency_main.html)

<http://www.poconorecord.com/apps/pbcs.dll/article?AID=/20081028/NEWS/81028007/-1/NEWS>

[http://www.ldnews.com/news/ci\\_10835477](http://www.ldnews.com/news/ci_10835477)

### **Low Oxygen Forces Alert Declaration at PPL's at 2,596 MW Susquehanna Nuclear Power Plant in Pennsylvania October 27**

The plant declared an alert after workers detected a low oxygen level in a pump room, PPL said in a release. The incident was associated with the facility's 1298 MW Unit 2 reactor. At the time of the incident, "plant personnel were working on a pipe to improve a system that could be used to circulate water in the reactor," a company official said. That work involved the use of liquid nitrogen, and required close monitoring of oxygen levels. When those levels fell too low, workers left the area. The incident did not cause any injuries, impact to the public, or effect on plant operations. The units continued to operate normally, and the alert ended by early evening October 27. PPL said it would conduct a follow-up investigation.

<http://www.pplweb.com/newsroom/newsroom+quick+links/news+releases/102708+Alert+Declared+at+Susquehanna+Plant.htm>

<http://www.pplweb.com/newsroom/newsroom+quick+links/news+releases/102708+Alert+Ends+at+Susquehanna+Plant.htm>

### **Exelon's 1,134 MW Limerick Nuke Unit 2 in Pennsylvania Reduced to 40 Percent by October 28**

Exelon reduced the unit due to a drywell chiller pump failure. A spokeswoman did not say when the reactor would resume full service. The Nuclear Regulatory Commission reported that on the morning of October 27 the unit was operating at full power.

Bloomberg News, 09:49 October 28, 2008

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

### **Dominion's 810 MW Surry Nuke Unit 1 in Virginia Shut by October 28**

The company shut the unit on October 27 to fix a leaking feedwater heater, a spokesman said. The spokesman said the outage was planned, and "expected to be brief." The Nuclear Regulatory Commission reported that on the morning of October 27 the unit was operating at full power.

Bloomberg News, 09:46 October 28, 2008

<http://www.reuters.com/article/marketsNews/idUSN2838732320081028>

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

### **AES's 227 MW Huntington Beach Gas-fired Unit 4 in California Reduced by October 27**

According to the California Independent System Operator, the unit experienced an unplanned curtailment of 136 MW by October 27.

<http://www.caiso.com/unitstatus/data/unitstatus200810271515.html>

## **Dakota Wind Energy Plans up to 750 MW of Wind Power in South Dakota**

The company expects to develop as much as 750 MW of community-based wind power projects throughout the state, according to an October 27 release.

BSW, 15:59 October 27, 2008

## **Iberdrola Plans 314 MW Wind Farm in Arizona**

Iberdrola Renewables expects to open the project's first phase, or 63 MW, by 2010. A second phase would boost the facility's capacity to 314 MW, though it is not clear if, or when, that portion will enter service. The project would be Arizona's first wind farm.

[http://www.usatoday.com/money/industries/energy/environment/2008-10-27-arizona-wind-farm\\_N.htm](http://www.usatoday.com/money/industries/energy/environment/2008-10-27-arizona-wind-farm_N.htm)

## **AES's 226 MW Huntington Beach Gas-fired Unit 2 in California Slowed by October 27**

According to the California Independent System Operator, the unit experienced an unplanned curtailment of 206 MW by October 27.

<http://www.caiso.com/unitstatus/data/unitstatus200810271515.html>

## **Update: Entergy's 1,207 MW Grand Gulf Nuke Unit 1 in Mississippi Ramped Up to 14 Percent by October 28**

A turbine trip shut the unit on October 26, the company told the Nuclear Regulatory Commission (NRC). At the time of the incident, the unit was operating at about 50 percent power, the report said. The NRC reported that on the morning of October 27 the unit was not operating.

<http://www.reuters.com/article/marketsNews/idUSN2731391320081027>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2008/20081027en.html>

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

## **Update: FirstEnergy's 831 MW Beaver Valley Nuke Unit 2 in Pennsylvania Ramped Up to 36 Percent by October 28**

The company stalled the unit on October 24 to repair a low head safety injection pump. The Nuclear Regulatory Commission reported that on the morning of October 27 the unit was not operating.

<http://www.reuters.com/article/rbssIndustryMaterialsUtilitiesNews/idUSN2837555720081028>

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

## **Update: Constellation's 565 MW Nine Mile Point Nuke Unit 1 in New York Ramped Up to 74 Percent by October 28**

Constellation stalled the unit October 23 "due to the loss of the electronic pressure regulator," a news source reported. The Nuclear Regulatory Commission reported that on the morning of October 27 the unit was operating at 25 percent.

<http://www.reuters.com/article/rbssIndustryMaterialsUtilitiesNews/idUSN2837596120081028>

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2008/>

## **Hydropower Booms as Coal Prices Rise and States Mandate Renewable Energy Use**

More than 70 U.S. hydroelectric power projects are scheduled to enter service in the next ten years, based on utility's proposals. The projects would add at least 11,000 MW of new power, and increase the nation's hydroelectric capacity by 11 percent. Analysts attribute the hydro-boom to less-attractive alternatives—the price of coal, for one, has doubled since last year—and statewide mandates for renewable energy use. Included in the projects are: Pennsylvania Power and Light's proposed 125 MW powerhouse at the Holtwood Hydroelectric Dam in Pennsylvania, and AMP Ohio's 344 MW boost along the Ohio River, scheduled for completion by 2014

[http://www.usatoday.com/money/industries/energy/environment/2008-10-27-alternative-energy-hydropower\\_N.htm](http://www.usatoday.com/money/industries/energy/environment/2008-10-27-alternative-energy-hydropower_N.htm)

## **TransAlta's 399 MW Sundance Coal-fired Unit 6 in Alberta Shut October 27**

Reuters, 19:39 October 27, 2008

## **Enmax's 250 MW Calgary Gas-fired Unit in Alberta Shut October 27**

Reuters, 9:19 October 28, 2008

## **Calpine's 212 MW Greenfield Gas-fired Unit 1 in Ontario Shut October 28**

Reuters, 9:19 October 28, 2008

## **Update: OPG's 535 MW Lennox Oil-and-Gas-fired Unit 3 in Ontario Returns to Service by October 28**

The unit stalled by October 27.

Reuters, 08:45 October 28, 2008

## **Update: OPG's 490 MW Nanticoke Coal-fired Unit 8 in Ontario Back Online by October 28**

The unit idled by October 22.

Reuters, 08:41 October 28, 2008

## **Rio Tinto Plans New 225 MW Turbine at Shipshaw Hydroelectric Power Station in Quebec, Canada**

Rio Tinto said it would build a new 225 MW high-efficiency turbine at its existing Shipshaw hydroelectric power station. The company expects to finish the project in December 2012.

DJN 09:07 October 28, 2008

## **EarthFirst Canada Plans 144 MW Dokie Wind Project in British Columbia**

The company has begun construction, and already installed the first commercial turbine at the site. The event marked the first such installation in British Columbia. The facility is expected to begin output in early 2009, and reach full capacity at the end of that year.

<http://www.earthfirstcanada.com/news/20081010/earthfirst-announces-bcs-first-wind-turbine>

<http://stormwire.stormexchange.com/2008/10/british-columbia-catches-on-to-wind.html>

## **AltaGas Plans 100 MW Bear Mountain Wind Park in British Columbia**

The facility is expected to enter service next year.

<http://biz.yahoo.com/ccn/080731/200807310477128001.html?v=1>

<http://stormwire.stormexchange.com/2008/10/british-columbia-catches-on-to-wind.html>

## ***Petroleum***

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## **Update: Offshore Oil Output Continues to Climb in Gulf of Mexico after Hurricanes Gustav and Ike, MMS Reports October 28**

An estimated 361,913 b/d of oil production remained shut in the Gulf of Mexico October 28, according to the Minerals Management Service (MMS). That total accounts for about 27.8 percent of the region's output. Based on data from offshore operator reports, submitted as of 11:30 a.m. CDT October 28, personnel remained evacuated from a total of 71 production platforms, or 10.2 percent of the 694 manned platforms in the Gulf of Mexico.

Offshore oil and gas operators continued to reboard platforms and restore production.

<http://www.mms.gov/ooc/press/2008/press1028.htm>

## **BP Says 467,720 b/d Texas City, Texas Refinery to Resume Full Capacity before End of 2008, but Refinery Reports Leak in Ultraformate Line**

BP's 467,720 b/d Texas City, Texas refinery should resume full rates before the end of 2008, once production resumes on ultraformer number 3, the company's Chief Financial Officer said October 28. Hurricane Rita forced shut the ultraformer in 2005. The entire facility shut again this year prior to Hurricane Ike. On October 27, BP reported a leak on its ultraformate line. Workers stopped the leak and cleaned up a spill.

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=115882>

DJN 11:30 October 28, 2008

Reuters, 11:10 October 28, 2008

## **Pasadena Refining to Restart FCC at 100,000 b/d Pasadena, Texas Refinery after Unscheduled Work**

Pasadena Refining shut the gasoline-producing fluid catalytic cracker (FCC) on Friday, October 24 to perform unscheduled work. The company said October 28 that it would likely restart the unit tomorrow, October 29.

Reuters, 10:27 October 28, 2008

### **Update: ExxonMobil Returning 348,500 b/d Beaumont, Texas Refinery to Normal Service after Hurricane Ike**

ExxonMobil said it had finished most of the Ike-associated work at Beaumont, and was working to restore the facility's "crude oil processing capability." The refinery's gasoline and diesel production structures were operating normally. ExxonMobil shut Beaumont prior to Hurricane Ike in September.

DJN, 12:35 October 28, 2008

Reuters, 12:26 October 28, 2008

### **Valero Slows Gasoline-Making Reformers to Boost Returns**

Valero has slowed its refineries' gasoline-making reformer units, a company official said, as it seeks to boost production returns. Sunoco, as well, earlier stalled a reformer at its Philadelphia refinery.

DJN 12:46 October 28, 2008

### **Valero Postpones or Cancels Refinery Projects in Cost-Cutting Effort**

Seeking to reduce costs, Valero said it had postponed or abandoned projects at multiple refineries. Included in the plans were two projects at the 289,000 b/d Port Arthur, Texas refinery, and a fluid catalytic cracker revamp at the 180,000 b/d Memphis, Tennessee refinery.

Bloomberg News, 12:20 October 28, 2008

### **Suncor Completes Hydrogen Unit Repairs at Fort McMurray, Alberta Upgrader**

The upgrader is generating multiple distillate products, and should reach normal rates by November 1.

Bloomberg News, 16:54 October 27, 2008

### **Update: BP Begins Second Well Production at Thunder Horse Field in Gulf of Mexico**

BP is producing more than 100,000 b/d of oil and gas at Thunder Horse. The company expects the field to eventually yield 250,000 b/d of liquids and 200 MMcf/d of natural gas. It plans to begin production at the third well in November and at a fourth well by year's end. Hurricane-caused damage and other equipment snags delayed the project's initial planned start date by about three years.

Bloomberg News, 12:01 October 28, 2008

### **OPEC Seaborne Crude Exports, Not Including Ecuador, Dip 670,000 b/d in Four Weeks Ending October 12—Lloyd's**

OPEC seaborne oil exports, excluding Ecuador, dropped from 23.528 million b/d to 22.861 million b/d—a 670,000 b/d decline—in the four weeks ending October 12, Lloyd's Marine Intelligence Unit said October 28. Gulf producers accounted for 560,000 b/d of the decline. The 670,000 b/d total reflected OPEC's September decision to curtail output by approximately 520,000 b/d. It did not, however, account for the group's more-recent decision to cut production by an additional 1.5 million b/d.

Reuters, 08:58 October 28, 2008

### **Update: Canadian Truckers Need More Diesel—CEO, Canadian Trucking Alliance**

Diesel fuel is being rationed by up to 10-50 percent in Alberta, Saskatchewan and Manitoba, "playing havoc" with regional truckers, the CEO of the Canadian Trucking Alliance said in an editorial. The diesel shortage is a product of planned and unplanned refinery outages, he said. Petro-Canada's Edmonton refinery has been down for more than a month for planned work, and reports suggest the refinery has had trouble resuming service. An equipment snag has kept Suncor's Alberta facility shut since August, and Imperial Oil's Edmonton refinery is slowed for repairs. Issues at other refineries have been reported, he said, and truckers have been informed supply issues could stretch through November. At least one oil company has deferred unmanned fueling facility privileges for new customers, and restricted access for existing users, the editorial said.

<http://network.nationalpost.com/np/blogs/fpcomment/archive/2008/10/27/truckers-need-more-fuel.aspx>

## Natural Gas

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### Update: Restoration to Offshore Natural Gas Production in Gulf of Mexico Continues Following Hurricanes Gustav and Ike, MMS Reports October 28

An estimated 2,476 MMcf/d of natural gas output remained shut in the Gulf of Mexico October 28, according to the Minerals Management Service (MMS). That total accounts for about 33.5 percent of the Federal offshore gas production in the Gulf. Offshore oil and gas operators continued to reboard platforms and restore production. <http://www.mms.gov/ooc/press/2008/press1028.htm>

## Other News

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### Officers Respond to Two Security Incidents at STP's 2,709 MW South Texas Project Nuclear Power Plant in Texas October 23

A small aircraft was observed flying near the South Texas Project plant on October 23, not submitting a proper transponder code. Plant security officers sent an F-16 fighter jet to escort the plane back to a field, a company spokesman said. About 10 minutes later, two employees saw a man in the employee parking lot with a rifle case. Plant security searched the man—a plant worker—but the rifle case was empty. The incidents were not related. <http://www.nationalterroralert.com/updates/2008/10/26/f-16-escorts-plane-in-vicinity-of-south-texas-project-nuclear-plant/>

### Pennsylvania's Alternative Fuels Program to Drive Biofuels Development, State's Environmental Protection Secretary Says

Applications are available for a statewide program—signed by Governor Edward G. Rendell in July—to boost biofuels production and reduce dependence on foreign oil. Under the Biofuel Development and In-State Production Act, Pennsylvania mandated that every gallon of gasoline and diesel fuel contain a percentage of ethanol and biodiesel. Under the act's Alternative Fuels Incentive Grant Program, the state will award 75 cents per gallon to qualified applicants: those who produce and sell 25,000 gallons/month or more of qualified biomass-based diesel in Pennsylvania for use in transportation or home heating. <http://www.depweb.state.pa.us/news/cwp/view.asp?a=3&q=542335>

## Energy Prices

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| U.S. Oil and Gas Prices<br>October 28, 2008                          |       |          |          |
|--|-------|----------|----------|
|  | Today | Week Ago | Year Ago |
| <b>CRUDE OIL</b><br><b>West Texas Intermediate U.S.</b><br>\$/Barrel | 62.86 | 70.37    | 91.81    |
| <b>NATURAL GAS</b><br><b>Henry Hub</b><br>\$/Million Btu             | 6.27  | 6.98     | 6.43     |

Source: Reuters

## Energy Notes

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### Substation Fire Cuts Power to 15,525 SCE Customers in California October 28—Most Customers Restored Within Three Hours

<http://www.ocregister.com/articles/fire-garden-power-2208658-customers-grove>

### Dominion Virginia Power Reports 12,020 Customers without Power October 28

As of 13:42: [http://www.dom.com/news/outage\\_sos.jsp](http://www.dom.com/news/outage_sos.jsp)

**FLS Energy Plans 1 MW Solar Power Plant in North Carolina—First Large-Scale Solar Energy Project in Western Portion of State**

[http://www.prnewswire.com/cgi-bin/stories.pl?ACCT=ind\\_focus.story&STORY=/www/story/10-27-2008/0004912201&EDATE=MON+Oct+27+2008,+01:52+PM](http://www.prnewswire.com/cgi-bin/stories.pl?ACCT=ind_focus.story&STORY=/www/story/10-27-2008/0004912201&EDATE=MON+Oct+27+2008,+01:52+PM)

**Simpson Tacoma Kraft Company Plans 55 MW Biomass Cogeneration Plant in Washington—to Begin Production in July, 2009**

BSW, 16:24 October 27, 2008

**Progress Energy Seeks Proposals for Renewable Energy Projects in Carolinas—Accepting Non-Solar Bids With Capacity of 10 MW or Less, and Solar Bids with Capacity of 50 Kilowatts or Greater**

<http://www.progress-energy.com/aboutus/news/article.asp?id=20022>

**TransCanada Says Planned Alberta-Texas Keystone Oil Sands Pipeline May be Postponed Due to Delays in Oil Sands Development**

DJN, 12:35 October 28, 2008

**Oil Company Executive Says Some North Sea Oil Platforms “Falling Apart”—Drop in Investment Could Trigger “Serious Accidents”**

Reuters, 12:51 October 28, 2008

**Oil Rig Orders Could be Deferred or Abandoned as Economic Conditions Stunt Loan Accessibility**

Bloomberg News, 00:00 October 28, 2008

**Equipment Failure, Flaring at Fullerton Gas Plant in Texas October 27**

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=115883>

**Update: FERC Gives Kinder Morgan Okay to Begin Service on Natural Gas Lateral in Colorado October 27**

<http://intelligencepress.com/>

**Xcel Energy to Swap Pipes along Natural Gas System in North Dakota by 2010 after Old Brand Faulted for Explosion**

[http://www.grandforksherald.com/articles/rss.cfm?id=91000&freebie\\_check&CFID=68156922&CFTOKEN=71691246&jsessionid=8830def55200f5e347b5](http://www.grandforksherald.com/articles/rss.cfm?id=91000&freebie_check&CFID=68156922&CFTOKEN=71691246&jsessionid=8830def55200f5e347b5)

**Harsh Weather Shuts Mexico’s Dos Bocas and Coatzacoalcos Crude Exporting Ports October 28**

Reuters, 12:15 October 28, 2008

## ***Links***

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***This Week in Petroleum*** from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

***Weekly Petroleum Status Report*** from EIA

[http://www.eia.doe.gov/oil\\_gas/petroleum/data\\_publications/weekly\\_petroleum\\_status\\_report/wpsr.html](http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html)

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

***Natural Gas Weekly Update*** from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.



## ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/ead.aspx>

*Please direct comments and questions to: [ead@oe.netl.doe.gov](mailto:ead@oe.netl.doe.gov)*